

HIGHLIGHTS OF THE WEEK

Commodity	Weekly Close	Net Change	% Change
COMEX Gold April	1052	-31	-3.03
COMEX Silver Mar	14.83	-1.36	-8.40
NYMEX Crude Mar	71.19	-1.70	-2.33
NYMEX Natural Gas Mar	5.515	0.384	6.80
LME 3M Copper Fw	6285	-453	-6.72
LME 3 M Zinc Fw	1955	-175	-8.21
LME 3 M Nickel Fw	17100	-1500	-8.06
LME 3 M Lead Fw	1967	-62	-3.05
LME 3 M Aluminium Fw	1980	-111	-5.30

- ❖ Debt concerns that resurfaced in the European Union sent the euro pummeling down, taking precious metals along.
- ❖ Crude oil prices slid during the week following strong US dollar and a buildup in stocks
- ❖ Rising US dollar and inventories at warehouses have weighed base metal complex down towards fresh lows during the week.

Outlook

- ❖ The Non-Farm payrolls have come out to be weaker than expected and is likely to limit the gains in the US dollar, increasing the possibility of a recovery in precious metals. However, overall trend remains to be weak.
- ❖ Crude oil prices are expected to stay on the lower side with weaker jobs data pointing towards a weakness in the economy, and a buildup in stocks. However, a dip in US dollar might support the counter.
- ❖ Copper prices are also looking weak with weak jobs data reducing the prospects for base metals. However, a weak dollar is likely to arrest further might lend support to the counter.

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COMMODITIES FUNDAMENTAL REVIEW

Precious metals were in demand initially during the week with gold recovering the losses from the previous sessions as bargain hunting that emerged offset the effects of strong US economic data, which usually supports the US currency. The Institute of Supply Management reported the manufacturing activity in US to have expanded to 58.4 from the previous figure 54.9. Metals had prolonged its rise as continued weakness in US dollar supported the positive sentiments in the market.

However, more positive economic data from the biggest economy and weakness in the euro helped US dollar retrieve the reins, weighing on gold and silver prices. The fiscal issues in Ireland, Greece, Spain and Portugal resurfaced and stoked fears of delayed recovery in the European Union, resulting in weakness in euro against the US dollar. After keeping the lending rates unchanged, the ECB chief Trichet commented about the possibility of debt issues continuing in some of the counties of EU, which continued to lift US dollar up.

Gains in US dollar were capped during the final trading day of the week as US Non-farm payrolls showed a 25k drop, helping precious metals recover some of its lost grounds.

Crude oil prices slid towards a seven week low giving away earlier gains as US dollar climbed against the major traded currencies of the world following better than expected economic data and due to the ongoing debt issues in some of the nations of European Union.

Crude oil prices were on the up initially following the gains in heating oil futures, which went up by almost 4%, due to fresh cold wave in the some parts of US. Better than expected economic data from the US had also assisted crude oil prices to gain. However, the petroleum data released by the Energy Information Agency of US showed a significant build up in the stocks of crude oil, which also contributed towards the weakness in the counter.

Base metals prices had started the week off on a positive note as better than expected ISM manufacturing figures of US improved the prospective demand for the metals. However, the metals slid heavily as the week progressed following the strength in the US currency, which gained against the majors as positive economic data of US asserted economic recovery in the country.

The debt issues in some of the countries of EU also helped the US dollar gain, rendering dollar denominated assets dearer to investors. Technical selling had also contributed to the weakness in base metals complex, along with sky high inventories. However, losses in the metals were limited following the release of weaker than expected jobs data, which pulled the US greenback down on Friday.

The stockpiles of copper rose through out the week, but a meagre growth in its reserves only suggests the demand has picked up to some extent. Furthermore, the reserves on Zinc has also shed its stockpiles, as substantial growth in industrial output in China & more than expected level increase in retail sales has emboldened investors to increase their positions on industrial metals.

ECONOMIC INDICATORS

United States

Event name	Actual	Consensus	Previous
Core Personal Consumption Expenditure - (MoM)	0.10%	0.10%	0.00%
Personal Consumption Expenditure Deflator	2.10%	2.20%	1.50%
Personal Consumption Expenditures (MoM)	0.20%	0.20%	0.70%
Personal Income (MoM)	0.40%	0.30%	0.50%
Construction Spending (MoM)	-1.20%	-0.40%	-0.60%
ISM Manufacturing	58.4	55.5	54.9
Pending Home Sales (MoM)	1.00%	0.50%	-16.40%
ISM Non-Manufacturing	50.5	51.1	49.8
EIA Crude Oil Stocks change	2.3M	0.4M	-3.9M
Initial Jobless Claims	480K	461K	472K
Nonfarm Productivity	6.20%	5.50%	8.10%
Factory Orders	1.00%	0.30%	1.00%
Nonfarm Payrolls	-20K	15K	-150K
Unemployment Rate	9.70%	10.10%	10.00%

Euro zone

Event name	Actual	Consensus	Previous
Purchasing Manager Index Manufacturing	52.4	52	51.6
Producer Price Index (MoM)	0.10%	0.00%	0.20%
Retail Sales (MoM)	0.00%	0.40%	-0.50%
Retail Sales (YoY)	-1.60%	-2.40%	-2.00%
ECB Interest Rate Decision	1%	1%	1%

United Kingdom

Event name	Actual	Consensus	Previous
Purchasing Manager Index Manufacturing	56.7	54.1	54.6
PMI Construction	48.6	47.7	47.1
Nationwide Consumer Confidence	73	70	70
BoE Interest Rate Decision	0.50%	0.50%	0.50%
Producer Price Index - Input (MoM) s.a	2.00%	0.20%	0.60%
Producer Price Index - Input (YoY) n.s.a	8.40%	5.90%	7.40%

Base Metals Inventory LME

Product	Opening Stock	Closing stock	Net change
Copper	543525	541150	-2375
Aluminum	4611350	4587675	-23675
Nickel	165870	166386	516
Zinc	467125	499800	32675
Lead	157500	157875	375

SHFE weekly inventory

Product	Deliverable	Stocks Net Change
Copper	114302	13922
Aluminum	355253	21371
Zinc	222660	0
Total	692215	35293

SPDR Gold Holdings

Date	Total Holdings	Net Change from previous holdings
5 -Feb	1106.378	1.828
4 -Feb	1104.550	-5.789
3 -Feb	1110.339	-1.583
2 -Feb	1111.922	Unchanged
1 -Feb	1111.922	Unchanged from 19 th Jan

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